

REMARKS

The Office Action dated December 5, 2007 has been carefully reviewed and the following remarks have been made in consequence thereof.

Claims 1-17 are now pending in this application. Claims 1-17 stand rejected.

The rejection of Claims 1, 5, 6, and 11 under 35 U.S.C. § 112, second paragraph, as being indefinite is respectfully traversed.

The Office Action asserts that the recitation of “milestone” in Claims 1, 5, 6, and 11 is unclear. Specifically, the Office Action asserts that the scope of the limitation is unclear due to a lack of clarification of the limitation in the specification. Applicants respectfully traverse this assertion. Applicants respectfully submit that the specification clearly describes, and the figures show, the meaning of the term “milestone” as recited in the currently pending claims. For example, the originally filed specification provides the following:

Asset Management Milestones (with corresponding dates and expected "recovery" amounts where appropriate): Not Contacted, In Negotiation, Scheduled for Approval, Approved*, Approved Delinquent, Closed*, Closed Delinquent, Paid-In-Full, and Foreclosed*. (Paragraph [0026].) (Emphasis added.)*

On a monthly basis, debtors progress through a standardized series of asset milestones. Monitoring the transition of borrowers through these critical junctures provides indication of the asset management performance. The asset milestone progress therefore is tracked and organized by asset ID. In addition, actual cash collections in each month are uploaded and assigned a Time Series ID. The cumulative cash collections (Cume Cash Collections) are organized by SubAsset ID and by Asset ID in a table format. As cash payments may be tracked at a different level (e.g., by loan) than that of other database entities (e.g., asset milestones, data mining characteristics, business plans), a map associating these different levels (ID Maps) is updated and uploaded. Specifically, the ID Map associates Asset ID and SubAsset ID to specific loans. Expected payments from business plans for each debtor group, for each time series ID is associated, or linked, with actual payments, aggregated from SubAsset ID to Asset ID (debtor group ID) by Time Series ID. (Paragraph [0033].) (Emphasis added.)

In addition, several figures of the pending patent application describe and show predefined milestones for loans within the portfolio, wherein these milestones represent different stages or junctures the loans have reached within the asset management process.

As such, Applicants respectfully submit that the originally filed specification describes the meaning of “milestone” as used in Claims 1, 5, 6, and 11. Moreover, the meaning of “milestone” is further clarified when the specification is considered with the figures. Accordingly, Applicants respectfully submit that Claims 1, 5, 6, and 11 are definite and particularly point out and distinctly claim the subject matter of the invention.

The Office Action also asserts that the recitation of “segmenting the loan portfolio based on [the] at least one characteristic” in Claims 1, 5, 6, and 11 is unclear. Specifically, the Office Action asserts that the scope of the limitation is unclear “because no one knows which on[e] of the characteristics are assigned to each loan and what are to others.” The Office Action also asserts that the specification fails to clarify the limitation. Applicants respectfully traverse these assertions. Claim 1 recites, for example, “assigning at least one characteristic to each loan included within the portfolio including at least one of size of outstanding balance, nature of collateral security, lien information, historical payment performance, litigation status, and underwritten valuation . . . segmenting the loan portfolio based on the at least one characteristic assigned to each loan....” Applicants respectfully submit that it would be clear to one of ordinary skill in the art that these recitations are related in that the portfolio is segmented according to a number of characteristics that may be assigned to each loan within the portfolio, wherein the characteristics that may be assigned include size of outstanding balance, nature of collateral security, lien information, historical payment performance, litigation status, and underwritten valuation.

Moreover, the specification clearly describes, and the figures show, the meaning of this limitation. For example, the specification provides the following:

Using the pivot tables in the Excel program, an analyst can “drill down” using account characteristics that may be drivers of variance. More particularly, and in the example shown in Figure 9, in the upper left hand corner of the pivot

tables, five variables are listed. These variables can be used to isolate problematic account segments. An analyst simply uses the ‘drop down’ boxes to select an account segment (for example, “Real Estate Secured” as an attribute of the characteristic “Collateral Type”). The pivot table is automatically updated to reflect the selected segment’s contribution to variance. Account segments can be rank-ordered in terms of their contribution. (Paragraph [0044].)

As such, Applicants respectfully submit that the originally filed specification describes the meaning of the limitation as used in Claims 1, 5, 6, and 11. Moreover, the meaning of “segmenting the loan portfolio based on [the] at least one characteristic” is further clarified when the specification is considered with the figures. Accordingly, Applicants respectfully submit that Claims 1, 5, 6, and 11 are definite and particularly point out and distinctly claim the subject matter of the invention.

For at least the reasons set forth above, Applicants respectfully request that the Section 112, second paragraph, rejection of Claims 1, 5, 6, and 11 be withdrawn.

The rejection of Claims 1-17 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Publication No. 2001/0034701 to Fox, et al. (hereinafter referred to as “Fox”) in view of U.S. Patent Publication No. 2002/0152155 to Greenwood, et al. (hereinafter referred to as “Greenwood”) is respectfully traversed.

Applicants respectfully submit that no combination of Fox and Greenwood describes or suggests the claimed invention. Specifically, no combination of Fox and Greenwood describes, suggests, or relates to assessing a loan portfolio of non-performing loans. Rather, Fox merely describes a loan portfolio management system that provides data entry services, portfolio analysis tools, and loan compliance tracking, and Greenwood merely describes an automated lending process and system for use by a financial institution.

Moreover, no combination of Fox and Greenwood describes or suggests at least one limitation of the current invention. For example, no combination of Fox and Greenwood describes or suggests identifying a current milestone for each loan included within a portfolio at a selected time of assessment from a series of predefined milestones, wherein the series of

predefined milestones represent different stages that non-performing loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed.

The Office Action asserts that column 2, paragraphs [0018] and [0019] and column 3, paragraphs [0041-0046] of Greenwood describe identifying a current milestone for each loan included within a portfolio at a selected time of assessment. Applicants respectfully traverse this assertion. Rather, in contrast to the claimed invention, column 2, paragraphs [0018] and [0019] of Greenwood merely describe creating reports according to such categories as product, risk rating, industry, collateral, original credit size, non-performing status, vintage, and time period; and column 3, paragraphs [0041-0046] of Greenwood describe a Collateral Management module that records and monitors collateral information collected during a loan approval process, a Billing and Payments module that calculates and creates bills and receipts of payments, and a Collections module that records and monitors loans that are not paid as agreed in a loan contract. In other words, Greenwood merely describes an automated lending process and system for use by a financial institution.

Applicants submit that reports arranged by category and collateral management, billing and payment, and collections modules are not milestones of a non-performing loan. More specifically, they are not milestones that represent different stages that non-performing loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed, as is recited in the presently pending claims. Accordingly, no combination of Fox and Greenwood describes or suggests identifying a current milestone for each loan included within a portfolio at a selected time of assessment from a series of predefined milestones, wherein the series of predefined milestones represent different stages that non-performing loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed.

Accordingly, and for at least the reasons set forth above, Applicants respectfully submit that the present patent application is patentable over Fox in view of Greenwood.

Fox describes a financial information management system and business process that is designed to perform property servicing of commercial loans. The system includes a comprehensive central data repository and software applications that provide users with a common interface to established business operations. The system stores operating data on individual properties and reports operating data in conjunction with the administration of commercial and multi-family real estate loans. The system also provides operating statement data entry services, portfolio management and analysis tools, loan compliance tracking, and Commercial Mortgage Securities Association (CMSA) industry standard reporting.

Greenwood describes an automated lending system and process for use by a financial institution. The system includes a Sales Origination component that gathers data necessary for a loan applicant and creates a loan application based on the data, interfaces with credit bureaus and the like, and determines whether any additional information is needed for underwriting the loan. The system also includes a Loan Accounting and Processing component that records final agreed upon loan details between the applicant and the financial institution, records and monitors collateral information relating to the loan, calculates and creates bills and receipts of payments, and records and monitors loans that are not repaid as agreed to in the loan contract. Moreover, the system includes a portfolio management component that tracks and analyzes information about the financial institution's loan portfolio, and generates reports based on such analyses.

Claim 1 recites a method for assessing a loan portfolio comprising a plurality of non-performing loans, said method comprising the steps of "assigning at least one characteristic to each loan included within the portfolio including at least one of size of outstanding balance, nature of collateral security, lien information, historical payment performance, litigation status, and underwritten valuation...identifying a current milestone for each loan included within the portfolio at a selected time of assessment from a series of predefined milestones, wherein the series of predefined milestones represent different stages that non-performing

loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed...creating a business plan for each loan included within the portfolio including planned collections and timing of collections for each loan...segmenting the loan portfolio based on the at least one characteristic assigned to each loan...determining planned collections for each loan for the selected time of assessment...determining actual collections for each loan for the selected time period of assessment...populating a spreadsheet identifying the current milestone and a cumulative variance between planned collections and actual collections at the current milestone for each loan...determining a contribution of a portfolio segment to an overall cumulative loan portfolio variance, wherein the portfolio segment includes each loan included within the portfolio having an assigned characteristic that correlates with a loan characteristic selected by a user for analysis.”

Neither Fox nor Greenwood, considered alone or in combination, describes or suggests a method for assessing a loan portfolio comprising a plurality of non-conforming loans, as recited in Claim 1. More specifically, neither Fox nor Greenwood, considered alone or in combination, describes or suggests identifying a current milestone for each loan included within a portfolio at a selected time of assessment from a series of predefined milestones, wherein the series of predefined milestones represent different stages that non-performing loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed. Moreover, neither Fox nor Greenwood, considered alone or in combination, describes or suggests populating a spreadsheet that identifies a current milestone and a cumulative variance between planned collections and actual collections at the current milestone for each loan. Rather, Fox merely describes tracking outstanding loans and generating portfolio reports, and Greenwood merely describes an automated lending process and system for use by a financial institution.

The Office Action asserts that column 2, paragraphs [0018] and [0019] and column 3, paragraphs [0041-0046] of Greenwood describe identifying a current milestone for each loan included within a portfolio at a selected time of assessment. Applicants respectfully traverse

this assertion. Rather, in contrast to the claimed invention, column 2, paragraphs [0018] and [0019] of Greenwood merely describe creating reports according to such categories as product, risk rating, industry, collateral, original credit size, non-performing status, vintage, and time period; and column 3, paragraphs [0041-0046] of Greenwood describe a Collateral Management module that records and monitors collateral information collected during a loan approval process, a Billing and Payments module that calculates and creates bills and receipts of payments, and a Collections module that records and monitors loans that are not paid as agreed in a loan contract. In other words, Greenwood merely describes an automated lending process and system for use by a financial institution.

Applicants submit that reports arranged by category and collateral management, billing and payment, and collections modules are not milestones of a non-performing loan. More specifically, they are not milestones that represent different stages that non-performing loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed, as is recited in the presently pending claims. Accordingly, no combination of Fox and Greenwood describes or suggests identifying a current milestone for each loan included within a portfolio at a selected time of assessment from a series of predefined milestones, wherein the series of predefined milestones represent different stages that non-performing loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed

Accordingly, for at least the reasons set forth above, Claim 1 is submitted to be patentable over Fox in view of Greenwood.

Claims 2-4, 16, and 17 depend from independent Claim 1. When the recitations of Claims 2-4, 16, and 17 are considered in combination with the recitations of Claim 1, Applicants submit that dependent Claims 2-4, 16, and 17 likewise are patentable over Fox in view of Greenwood.

Claim 5 recites a database for a variance tracking system, wherein the database comprises a memory storage having data stored therein, the data comprising “at least one characteristic associated with each of a plurality of non-performing loans included within a loan portfolio, wherein the at least one characteristic assigned to each loan includes at least one of size of outstanding balance, nature of collateral security, lien information, historical payment performance, litigation status, and underwritten valuation...a current milestone for each of the plurality of loans, wherein the current milestone is included within a series of predefined milestones, wherein the series of predefined milestones represent different stages that non-performing loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed...a business plan for each of the plurality of loans including planned payments and timing of payments for each loan...segments of the loan portfolio based on the at least one characteristic assigned to each loan...actual payments for each loan...indexes of time associated with each planned payment and with each actual payment...a variance between each planned payment and each actual payment...a contribution of each portfolio segment to an overall cumulative loan portfolio variance, wherein each portfolio segment includes each loan included within the portfolio having an assigned characteristic that correlates with a loan characteristic selected by a user for analysis.”

Claim 5 recites a database for a variance tracking system comprising, among other things, a memory storage having data that is essentially similar to the data acquired using the steps recited in Claim 1. Thus, it is submitted that Claim 5 is patentable over Fox in view of Greenwood for at least the reasons that correspond to those given with respect to Claim 1.

Claim 6 recites a computer program for controlling operation of a computer to determine variance in a loan portfolio of non-performing loans, wherein the computer program is executable to control the computer to “assign at least one characteristic to each loan included within the portfolio including at least one of size of outstanding balance, nature of collateral security, lien information, historical payment performance, litigation status, and underwritten valuation...associate each loan in the portfolio with one of a plurality of

milestones, wherein the milestones represent different stages that non-performing loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed...create a business plan for each loan included within the portfolio including planned collections and timing of collections for each loan...segment the loan portfolio based on the at least one characteristic assigned to each loan...determine cumulative planned collections for each loan for a selected time of assessment...determine cumulative actual collections for each loan for the selected time period of assessment...determine a cumulative variance for each loan for the selected time period of assessment based on the cumulative planned collections and cumulative actual collections...determine a contribution of each portfolio segment to an overall cumulative loan portfolio variance, wherein each portfolio segment includes each loan included within the portfolio having an assigned characteristic that correlates with a loan characteristic selected by a user for analysis.”

Claim 6 recites a computer program for controlling operation of a computer to determine variance in a loan portfolio of non-performing loans, wherein the computer program is executable to control the computer to, among other things, perform steps essentially similar to those recited in Claim 1. Thus, it is submitted that Claim 6 is patentable over Fox in view of Greenwood for at least the reasons that correspond to those given with respect to Claim 1.

Claims 7-10 depend from independent Claim 6. When the recitations of Claims 7-10 are considered in combination with the recitations of Claim 6, Applicants submit that dependent Claims 7-10 likewise are patentable over Fox in view of Greenwood.

Claim 11 recites a variance tracker system for tracking variance in a loan portfolio of non-performing loans, wherein the system comprises “a database comprising a memory storage having data stored therein, said data comprising at least one characteristic assigned to each loan including at least one of size of outstanding balance, nature of collateral security, lien information, historical payment performance, litigation status, and underwritten valuation...a processor coupled to said database, said processor programmed to...associate

each loan in the portfolio with a current milestone at a selected time of assessment from a series of predefined milestones, wherein the series of predefined milestones represent different stages that non-performing loans experience prior to resolution including at least one of not contacted, in negotiation, scheduled for approval, approved, approved delinquent, closed, closed delinquent, paid-in-full, and foreclosed...store a business plan within the database for each loan included within the portfolio including planned collections and timing of collections for each loan...segment the loan portfolio based on the at least one characteristic assigned to each loan...determine cumulative planned collections for each loan for a selected time of assessment...determine cumulative actual collections for each loan for the selected time period of assessment...determine a cumulative variance for each loan for the selected time period of assessment based on the cumulative planned collections and cumulative actual collections...determine a contribution of each portfolio segment to an overall cumulative loan portfolio variance, wherein each portfolio segment includes each loan included within the portfolio having an assigned characteristic that correlates with a loan characteristic selected by a user for analysis.”

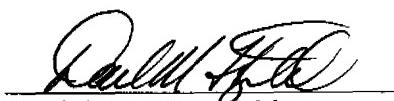
Claim 11 recites a variance tracker system for tracking variance in a loan portfolio of non-performing loans, wherein the system comprises, among other things, a database comprising a memory storage having data that is essentially similar to the data recited in Claim 5 and acquired using the steps recited in Claim 1. Thus, it is submitted that Claim 11 is patentable over Fox in view of Greenwood for at least the reasons that correspond to those given with respect to Claims 1 and 5.

Claims 12-15 depend from independent Claim 11. When the recitations of Claims 12-15 are considered in combination with the recitations of Claim 11, Applicants submit that dependent Claims 12-15 likewise are patentable over Fox in view of Greenwood.

For at least the reasons set forth above, Applicants respectfully request that the Section 103 rejection of Claims 1-17 be withdrawn.

In view of the foregoing amendment and remarks, all the claims now active in this application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully submitted,



Daniel M. Fitzgerald
Registration No. 38,880
ARMSTRONG TEASDALE LLP
One Metropolitan Square, Suite 2600
St. Louis, Missouri 63102-2740
(314) 621-5070